

MATT ELDRIDGE

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FEDERAL ELECTION  
COMMISSION  
OFFICE OF GENERAL  
COUNSEL

July 20, 2000

Federal Election Commission  
Office of the General Counsel  
999 E. St. NW  
Washington, DC 20463

To Whom It May Concern:

I am writing to inform you of an alleged federal election rule violation, in case you are not already aware of it, and to request that you investigate the matter as soon as possible.

As you may know, the Washington State Public Disclosure Commission (PDC) announced earlier this month that it is investigating a campaign spending violation by Friends of Deborah Senn, a campaign committee set up to support Insurance Commissioner Deborah Senn's current bid for U.S. Senate. The PDC has charged the committee with spending approximately \$15,000 of money raised for state office on a poll commissioned to support Ms. Senn's entry in the Senate race.

The Seattle Times has reported that the PDC had requested information related to the poll in July 1999 but never received a written response from the Senn campaign. I understand that Washington law specifies that state funds are not to be spent on federal elections and that the FEC also makes this clear in its regulations.

I am not sure if this matter has come to your attention. I am enclosing the article from the Seattle Times, as well as a copy of the July 1999 PDC letter to Friends of Deborah Senn. I request that you study the issue to verify whether or not federal campaign finance laws have been violated

Having organized voter education and registration campaigns in this country and abroad, I believe that few things turn off voters from participating more than when politicians break the law and are allowed to get away with it. I hope that you will investigate this alleged violation promptly and take appropriate action if wrongdoing has occurred.

Sincerely,

Matt Eldridge

*W. S. Jones* 7/20/00  
Notary Public  
State of Washington  
F.H. TANJUTCO  
My Appointment Expires Nov 15, 2002

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Local News : Sunday, July 02, 2000

### State says Senn campaign group misspent funds

by Dionne Searcy  
Seattle Times staff reporter

The State Public Disclosure Commission has filed a complaint against a **campaign** organization for state Insurance Commissioner Deborah Senn, citing evidence that her staff misspent contributions last year to explore her bid for U.S. Senate.

The complaint, filed Friday, cites a paper trail from almost a year ago showing that Friends of Deborah Senn - an organization that helped re-elect her as insurance commissioner - misspent \$18,000 on polls, magazine subscriptions and other expenses.

Senn, the two-term state insurance commissioner, is seeking the Democratic nomination to challenge Republican incumbent Sen Slade Gorton in November. Maria Cantwell, a former congresswoman, also is running in the Democratic primary.

In Washington, it is illegal for candidates to shift contributions between campaigns, or to generally use **campaign** money to reimburse personal expenses.

State law also prohibits **campaign** dollars from being spent on anything that is not directly related to that specific **campaign**.

Friends of Deborah Senn was the same entity that helped run her insurance-commissioner re-election **campaign** in 1996 and is now largely inactive since Senn is no longer a candidate for that spot.

21.19.025.1472

Her U.S. Senate **campaign** is called **Deborah Senn 2000**

The PDC complaint comes almost a year after the investigators first sent a letter to *Friends of Deborah Senn* questioning expenses.

The **campaign** never responded, and PDC officials say they didn't follow up until questioned by a reporter last week.

In its complaint, the commission said \$14,500 was misspent on two surveys designed to show whether **Senn** could beat Gorton, a three-term senator.

**Senn**, a Democrat, announced she was running for U.S. Senate on March 23, 1999, four days after one of the surveys a California firm conducted of 550 voters found that she "is in a strong position to win election to the U.S. Senate" and also rated her performance as insurance commissioner.

The other survey was conducted June 30, 1999.

PDC reports also show *Friends of Deborah Senn* used insurance-commissioner contributions to pay \$400 in subscriptions to political magazines that cover Congress and national politics: *Campaigns and Elections*, *Roll Call* and *The Hill*.

An additional \$3,186 in expenses appears to be related to her interest in running for the U.S. Senate, the PDC said.

"Upon reviewing those expenditures many did not appear to be directly related to the 2000 **campaign** for office of insurance commissioner for which those funds were solicited," Kurt Young, senior political-financial specialist wrote in a 1999 letter to Rudi Bertschi, **Senn's** husband and **campaign manager** for insurance commissioner.

Young questioned whether the committee received permission from the donors to transfer funds to a Senate race **campaign** account.

The complaint is not a finding of guilt. Rather, it launches an investigation and slaps the **campaign** for failing to formally respond to a letter from the PDC on July 30, 1999, seeking an explanation for the spending.

*Friends of Deborah Senn* has until July 14 to respond to the complaint in writing and provide copies of the surveys it

commissioned. It could be subject to fines of up to \$2,500 or an investigation by the state attorney general.

Steve Fury, a lawyer for Friends of Deborah Senn, said Friday the group responded to the PDC's concerns more than a year ago. PDC officials acknowledge phone calls were exchanged. The agency requires formal response in a letter.

"The committee communicated extensively with the PDC staff and supplied a good deal of supplemental information," Fury wrote in a statement. "The committee believed that all questions had been fully and satisfactorily answered."

He declined to be interviewed but in his statement called the complaint unfounded and said the campaign would continue to cooperate with the PDC. Senn declined comment through a spokeswoman.

Jeff Fransen, Senn's campaign manager, dismissed the complaint as an attempt by the Cantwell campaign to divert attention from issues he thinks Senn is strong on: Internet privacy and health care.

Senn has come under fire recently for other alleged campaign improprieties.

Two weeks ago the State Executive Ethics Board found reasonable cause to believe the insurance commissioner's spokesman broke state law by using state facilities to help her Senate campaign. That incident is under investigation.

Recent calls to the PDC from The Seattle Times and the Cantwell campaign inquiring about the outcome of last year's inquiry prompted the commission to pursue the complaint last week, officials said.

Vicki Rippie, PDC executive director, acknowledged staff should have followed up on the paper trail sooner. Rippie said her predecessor, Melissa Warheit, had just quit days after the PDC discovered the discrepancies in Senn's campaign expenses.

"As you'll recollect that was the beginning of August and there was a little disruption in the office," Rippie said. "This simply didn't get the attention it probably should have. We didn't follow up."

Since then, she said, the commission has suffered from high turnover and now has four openings out of its seven positions.





STATE OF WASHINGTON

PUBLIC DISCLOSURE COMMISSION

777 Capitol Way Rm 403, PO Box 49908 • Olympia, Washington 98504-0908 • (360) 753-1111 • FAX (360) 753-1112

JULY 30, 1999

FRIENDS OF DEBORAH SENN  
ATTN: RUDI BERTSCHI  
PO BOX 22034  
SEATTLE WA 98122-0034

SUBJECT: PDC C-4 REPORT FILED ON 7/12/99

Dear Mr. Bertschi:

We have received and reviewed the latest campaign reports filed on July 12, 1999, by the Friends of Deborah Senn Campaign. During our review, we discovered reporting discrepancies, and are asking you to submit additional information and amend previously filed reports by August 13, 1999.

**Friends of Deborah Senn State Account (2000 Insurance Commissioner):**

There were a number of expenditures reported on both the April 12, 1999, and July 12, 1999, C-4 reports filed by the Friends of Deborah Senn Campaign. Upon reviewing those expenditures, many did not appear to be directly campaign related to the 2000 campaign for Office of Insurance Commissioner, for which the funds were solicited.

Specifically, there were two surveys conducted by Fairbank, Maslin, Maullin, & Assoc., paid for by the Friends of Deborah Senn. The first survey was paid on March 6, 1999, costing \$7,500, and the other survey was paid on June 30, 1999, costing \$7,000. Please answer the following questions about the expenditures made by the Friends of Deborah Senn Campaign and listed on the Schedule A to C-4 report which occurred after February 1, 1999.

- What was the purpose of the surveys conducted by Fairbank, Maslin, Maullin, & Assoc.? Were the expenses directly related to a campaign for the Office of Insurance Commissioner? If so, please provide an explanation.
- Were the surveys related to a campaign for the US Senate? If so, the State account must be reimbursed with funds raised for the US Senate. Please include copies of both surveys.

*"The public's right to know of the financing of political campaigns and lobbying and the financial affairs of elected officials and candidates far outweighs any right that these matters remain secret and private."*

BCW 42.17.010 (10)

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- Why did the Friends of Deborah Senn purchase three subscriptions to Washington DC magazines? How were these purchases directly related to a campaign for Insurance Commissioner?
- What types of services were provided for the two payments to C.J. & Company (February 10, 1999, & April 5, 1999), and one payment to Brice McDaniel on February 17, 1999, from the Friends of Deborah Senn with the purpose of the expenditure stating "PDC Forms"? How were these expenditures directly related to a 2000 campaign for Office of the Insurance Commissioner?

**Refund of Contributions reported on attachment:**

A review of the attachments to the C-4 report filed on July 12, 1999, listed Cash Contributions totaling \$44,785, Returned Contributions totaling \$13,263, and Cash Contributions, net totaling \$31,522. It wasn't clear from the reports whether or not the \$13,263 in returned contributions were physically refunded to contributors, or if they were transferred with the permission of contributors to the US Senate race. Please respond to the following:

- Were all of the individuals listed on the attached pages to the July 12<sup>th</sup> filing, contributors to the Friends of Deborah Senn Campaign for Insurance Commissioner?
- Did the Friends of Deborah Senn send out letters to those individuals requesting their permission to transfer the contributions solicited for the Office of Insurance Commissioner to the US Senate Campaign? If yes, how many letters were sent, and did anyone not agree to have their funds transferred?
- Were one or more checks made out to the US Senate Campaign transferring funds from the Insurance Commissioner to the US Senate Campaign? If no, were checks sent to each one of the individuals listed as part of the attachment?

Regardless of how the returned contributions were handled (either refunded or transferred), the \$13,263 needs to be listed as an expenditure on a Schedule A to C-4 report, and included into your expenditure totals on line #17 of the C-4 report.

21.19.025.1477

Previously reported contribution and expenditure totals:

Finally, there were also some questions regarding the July 12, 1999, filings such as the period covered by the C-4 report, whether or not the report was an amended filing, where the beginning totals entered on the report came from, and why the previously reported totals weren't carried forward.

The C-4 report filed on July 12, 1999, appears to have closed out the aggregate contribution and expenditure totals for the Friends of Deborah Senn 2000 Campaign, and started with the \$31,522 as a beginning balance (the net Cash Contributions on the attachment). Please respond to the following:

- Was the C-4 report you filed on July 12, 1999, amending previously filed reports submitted between December 1, 1998, through June 30, 1999? If yes, which reports does it amend?
- Why did you begin with a "0" balance on lines #1 and #10 of the C-4 report dated July 12, 1999, instead of continuing to use the contribution and expenditure totals from previous reports?

Please submit a letter of explanation, along with any amended C-4 reports that need to be filed no later than August 13, 1999.

If you need additional time to respond or file the amended reports, or if you would like to discuss your reports or any other reporting requirements, please feel free to contact me at (360) 664-8854. I will be out of the office the week of August 2-9, 1999.

Sincerely,

  
Kurt Young  
Senior Political Finance Specialist